

# Assessing the Evidence about Work Support Benefits and Low-Income Families

## Rationale for a Demonstration and Evaluation

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## I. Executive Summary

Even in good economic times, millions of working parents are raising their families with earnings below or near poverty, struggling to make ends meet, and often a car breakdown or home repair away from a crisis. Since 2008, their numbers have risen dramatically, as the great recession and the continuing economic slowdown have hit families hard. This paper is about one way that federal, state, and local governments help these families stabilize their lives and employment, and provide for their children: through public work support programs that supplement paychecks and help low-income working parents afford food, health care, and child care.

Motivating the paper is the Work Support Strategies (WSS) demonstration, a project with lead funding from the Ford Foundation and directed and evaluated by the Urban Institute in partnership with the project's technical assistance lead, the Center on Budget and Policy Priorities. The demonstration builds on recent state experience in modernizing service delivery under these programs and on research evidence about the strengths and weaknesses of current program operations and results for families. It aims to support states in conducting careful assessments of their delivery systems and then designing and implementing individually tailored reforms. These program improvements seek to dramatically improve families' access to and retention of work support benefits, while potentially also streamlining state service delivery in ways that reduce burden on caseworkers, reduce administrative costs, and enhance the accuracy of eligibility determination. States will particularly focus on helping families afford health care (through

Medicaid and the Children's Health Insurance Program or CHIP), a nutritionally adequate diet (through the Supplemental Nutrition Assistance Program or SNAP), and child care (when needed to perform work, through the Child Care and Development Block Grant or CCDBG). Some states are also choosing to include other programs, such as energy assistance for low-income families. Underlying the demonstration is a focus on helping families gain and keep access to the whole package of benefits for which they are eligible—that is, integrating access to the programs so that families do not face repeated burdens in meeting the requirements of multiple programs.

To figure out what the demonstration and its evaluation should look like, we found it essential to review what researchers already know about these programs and what important knowledge gaps still exist. In particular, we wanted to know about family participation in the programs: How many working families participate in the programs now? What are the gaps in participation? Why do those gaps occur? In what ways do families and state governments derive benefit when service delivery is streamlined? We wanted to know whether the evidence tells us that families that receive such supports as Medicaid, SNAP, and CCDBG are indeed able to work more hours, attain greater economic stability, and eventually earn more and advance at work—or whether there are gaps in that evidence. We also wanted to know what evidence exists about families' access to multiple programs, to see how our goal of integrating access stacks up against what is known—and to guide our decisions on developing new evidence.

This paper sets out the results of that review of the research. It summarizes—for

states, national policymakers, researchers, and others interested in families' access to work supports—both what is known and what is not known. Our goal moving forward from here in the Work Support Strategies Demonstration is to build on the evidence and to narrow the knowledge gaps: to work closely with states as they craft solutions based on what is known now, while designing the data collection and evaluation components to answer the many questions that remain.

### *Families' Participation in Work Support Programs*

The major findings and research gaps regarding families' participation are as follows:

- Despite recent increases in the number of recipients in SNAP and Medicaid, and particularly impressive accomplishments in expanding children's enrollment in Medicaid, considerable gaps remain in all programs as to participation among eligible working families.
  - About one in five eligible children does not participate in Medicaid/CHIP.
  - Almost four in ten eligible working households with children do not participate in SNAP (and participation has recently declined among this group).
  - An estimated seven in ten families eligible for child care subsidies based on state standards are not served by CCDBG. (In Medicaid and SNAP, funding expands depending on the number of people eligible. However, child care funding is capped, so participation is limited by state and federal fiscal constraints, not just by program rules and administration.)
- Little up-to-date information exists about the extent of families' participation in multiple benefit programs. The most recent study, using 2001 data, found that only 5 percent of low-income working families obtained a full work support package of Medicaid/CHIP, SNAP, and child care subsidy.
- Participation rates in the core work support programs vary greatly by state (and, for some states, by county or other substate region). For example, SNAP participation rates for the working poor in the highest states are twice as high as in the lowest.
- Studies suggest that both family characteristics and program design and implementation characteristics affect participation and retention. A few studies have examined changes that were intended to increase participation or retention and found that they had the desired effect: for example, a recent rigorous experiment in Illinois found that lengthening redetermination periods in child care increased families' retention of the benefit, as intended (Michalopoulos, Lundquist, and Castells 2010).
- The large variation among states suggests that state choices about how they implement programs affect families' participation, and that there is plenty of room for improvement where rates are low. However, no studies that we could find directly address the reasons for variation among states.



- Families experience difficulty not only in gaining initial access to benefits but also in keeping them—the problem of program “churn.” Studies from all the programs show large numbers of program recipients leaving the program and then reentering in short periods of time. Such churn creates administrative burdens for families and program staff.

### ***Benefits of Work Support Programs for Families and Communities***

A key reason for the WSS demonstration is the expectation that helping families get and keep the package of benefits they are eligible to receive will stabilize their lives and enable them to work more steadily and, eventually, improve their earnings. Research so far supports this expectation, but many gaps remain to be filled. As demonstration states implement their proposed reforms, their experiences could add considerably to our knowledge.

- Considerable evidence for all three programs demonstrates that work support programs help families address immediate needs and reduce short-term hardships, such as food insecurity.
- Researchers have found links between all three programs and positive employment outcomes for parents, such as work stability and earnings. However, the number of studies is still small, and several are focused specifically on families transitioning from welfare to employment, a small subgroup of the low-income working population.
- One major study has looked at the consequences for families of receiving a

package of work support benefits, rather than looking at the benefits separately. This demonstration, the New Hope Project, found positive results for employment and earnings and long-term positive results for children and adolescents, based on an eight-year follow-up (Miller et al. 2008).

- Limited evidence links work support programs to community benefits, such as less homelessness or need for food pantries and increased economic activity when families spend their federally funded SNAP benefits within their communities.

### ***Benefits to State Governments and Taxpayers of Modernized Delivery of These Programs***

Many problems that hinder family participation in work support programs are also likely to increase burdens on state staff. For example, if families are required to provide paperwork verifying their income to each program they are applying for and at frequent redeterminations of their eligibility, state workers will have to review, process, and file all the paper. A modernized system that streamlines policy requirements and business processes and uses automation effectively could potentially cut state costs and reduce state error rates at the same time that it reduces the burden on families. This section of the paper reviews the research available to find out if these effects have happened in practice.

- To be most useful, studies should assess several potential effects at the same time, to figure out whether they are moving in

the same direction or whether some get better while some get worse. Besides families' access to and retention of benefits, important dimensions to study include administrative efficiencies and cost-savings, lower fraud and error rates, the quality of client service, and staff morale and outlook.

- Several studies show that states view modernization strategies in SNAP, public health insurance, and child care positively,

with effects including improved client access, reduced errors, improved customer service (for example, customer satisfaction and timeliness), and long-term administrative cost efficiencies.

- While new studies are currently underway, research on the actual administrative effects of state modernization strategies is scant. An important contribution of the Work Support Strategies project will be to help fill this gap.

## II. Introduction

Even in good economic times, low-wage earners make up more than a quarter of working Americans. In 2001, an estimated 27 percent of nonelderly workers earned an hourly wage below that required for a full-time, year-round worker to keep a family of four out of poverty (Acs, Loprest, and Ratcliffe 2010). Almost half of these low-wage workers live in low-income working families, meaning families whose total income is less than twice the federal poverty line (\$44,100 for a family of four in 2010). In these families, parents are working and raising a family yet often barely making it from paycheck to paycheck, struggling to make ends meet, and just a car breakdown or home repair away from a disaster. For example, in 2001, low-income working families were twice as likely as middle-income families to report difficulty paying for food, twice as likely to lack health insurance, and half again as likely to miss a rent, mortgage, or utility payment (Acs and Nichols 2006). Since 2008, the numbers of low-income working families have risen dramatically, as the great recession and the continuing economic slowdown have hit families hard.

This paper homes in on one strategy that the United States has chosen to help these families stabilize their lives and employment and provide for their children: public work support programs that supplement paychecks and help low-income working parents afford food, health care, and child care. The paper's goal is to address three large questions, summarizing for each one both what researchers have already found out and what gaps in the evidence remain. First, how well do health, nutrition, and child care subsidy

programs (individually and as an integrated package) reach low-income working families? Second, what benefits do families gain from participating in the programs, including short-term benefits, such as meeting day-to-day needs, and longer-term benefits, such as more stable work and higher earnings? Third, what benefits accrue to state agencies if they modernize their approach to program administration, within individual programs and across programs?

The paper's broad scope, cutting across the three domains of health, nutrition, and child care benefits, corresponds to the goals of the Work Supports Strategies demonstration, described more fully at the end of this paper. WSS will support a select group of states to design and then implement a plan for modernizing program delivery in Medicaid/CHIP, SNAP, and CCDBG; to help families get and keep access to the full package of benefits for which they are eligible; and to reduce their own administrative burdens. This basic design has grown out of some findings reported in this paper, such as the role that health, nutrition, and child care subsidies can play in supporting families' stable employment. At the same time, because WSS will include a rigorous evaluation, it will allow for states not only to test the best available knowledge but to fill in major current knowledge gaps along the way.

### *Public Work Support Programs: What Are They and Why Do They Matter?*

For parents working in low-wage jobs and trying to raise a family, public benefits that support work and supplement paychecks can be extremely important. These benefits are provided through a wide array of federal and

state programs, including the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps), Medicaid, the earned income tax credit, the Child Care Development Block Grant (CCDBG) and other child care subsidies, housing assistance, energy assistance, Temporary Assistance for Needy Families, and many others. Enabling low-income working families to readily access and retain such benefits can help them keep food on the table, make ends meet, and avoid crises in child care, health, and housing. Over the longer term, these programs also have the potential to stabilize parents' work and increase their earning capacity.

The broadest definition of publicly funded, low-income work supports would include all program benefits (cash assistance as well as in-kind support such as health insurance or rental subsidies) that are provided based on income ("means-tested") and received by households with one or more working members. Using this definition, in 2008, an estimated 19.7 percent of all U.S. households with one or more working members, or about 16 million households, received at least one means-tested benefit.<sup>1</sup> This estimate includes a wide array of both means-tested in-kind benefits (such as SNAP, Medicaid, WIC, free or reduced-price lunch or breakfast, public or subsidized rental housing, and energy assistance) and means-tested cash benefits (including federal and state Supplemental Security Income, Temporary Assistance for Needy Families, General Assistance, and veterans pensions). An estimated 4.7 percent of working households received SNAP benefits, either alone or in

combination with other means-tested benefits (U.S. Census Bureau 2010).

This paper focuses on three programs within this broad array: health insurance for low-income families through Medicaid and CHIP, nutritional benefits through SNAP, and help paying for child care through CCDBG. Since the 1990s, national policy for these programs has generally supported their availability to low-income working families, not only to families on welfare or transitioning off welfare. All three provide benefits of great importance to working families, and the first two, Medicaid and SNAP, are also among the largest federal benefits to families with children. CCDBG is a much smaller program, in terms of dollars and caseload, but it provides a large and crucial benefit to families that receive it, given the cost of child care, and a benefit that is closely linked to work.

Yet despite the national policy choices that might seem to support access to these benefits by low-income working families, in practice, barriers relating to federal and state funding, policy, and process have too often made it hard to get on and easy to drop off. Compounding these impediments is the lack of knowledge or confusion about programs among low-income workers, or their distrust or fear of government. As a result, many low-income working families do not receive or keep the full package of benefits for which they are eligible. Important recent successes have expanded participation in Medicaid/CHIP among children and participation in SNAP among all eligible households,<sup>2</sup> yet there remain major gaps in

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<sup>1</sup> This estimate may be low, since means-tested benefits are frequently underreported in household surveys, such as the Survey of Income and Program Participation (SIPP).

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<sup>2</sup> For a fuller account of these successes, see Rosenbaum and Dean (2011). For more on children's health insurance in particular, see the web site of the Robert Wood Johnson Foundation's Maximizing

access to individual programs, in access to the full integrated package of benefits, and in families' retention of benefits—their ability to stay on as long as they are eligible.

### *Why Now? The Current Context*

Over the past several years, important policy and economic trends have led states to move with a sense of urgency toward streamlining and integrating work support programs for low-income families. These trends provided a context for the development of the WSS initiative, and they also set the backdrop for this paper: with states moving urgently toward action, this is a valuable time to survey what is known and what evidence still needs to be filled in.

First, during the recession of 2008–09 and the continued economic slowdown that followed it, states saw large increases in family need and in programs responsive to that need, particularly SNAP and Medicaid. With state revenues hard hit by the recession and state and county human services agencies often facing layoffs, hiring freezes, or furloughs, states found themselves desperate for ways to serve the large and growing need without breaking their budgets. Several states submitting proposals to participate in the WSS demonstration reported that the sense that local offices were overwhelmed and desperate had helped motivate key stakeholders to consider new ways of doing business, including technological, business process, and policy fixes that had earlier been

rejected or were simply not high enough on the state government's priority list to get serious consideration.

A second important contributor to state interest in streamlining and program integration is the passage of federal health reform—the Patient Protection and Affordable Care Act (commonly referred to simply as ACA)—in the spring of 2010. Under the ACA, Medicaid eligibility will increase to 133 percent of the federal poverty level (FPL) in all states effective 2014. Long-term projections by Holahan and Headen (2010) indicate that, even under conservative assumptions regarding increased participation by adults, Medicaid enrollment nationwide in 2019 will increase as a result of these provisions by an estimated 27 percent (or by 15.9 million enrollees) above projected baseline levels. By state, the proportional increases will be highest (well above 50 percent) in Western states with the lowest income eligibility levels under current policy, including Montana, Nevada, Oregon, and Utah; most states (26) have projected enrollment increases in the range of 25 to 40 percent above baseline. In addition, many who qualify for other ACA subsidies with incomes between 133 percent and 400 percent FPL will submit applications to county welfare offices, which will be obliged under ACA to screen them for non-Medicaid subsidy eligibility. A key implication of these extremely large increases is that most states believe they cannot possibly hire enough caseworker staff to process applications for that many more individuals using the same paper-intensive methods now in use. Instead, they see preparation for 2014 as requiring them to streamline eligibility determination so they can handle the increased volume. In addition, the ACA includes provisions that

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Enrollment initiative, a \$15 million program that has worked closely with eight states to increase enrollment and retention of eligible children in health insurance through Medicaid and CHIP. Extensive materials are available at <http://www.maxenroll.org/>.

require the use of data already on file with public agencies to determine and verify eligibility whenever possible, another encouragement to states to revamp their processes in a way that not only streamlines but integrates across programs.

Third, the federal agencies that oversee the major work support programs have been encouraging policy and technological links, to the extent allowed by the programs' underlying statutes. For example, the Food and Nutrition Service (FNS) published its Program Access Toolkit, providing guidance to states on improving access to SNAP (FNS 2010). Another recent example is guidance issued by FNS, the Administration for Children and Families (which oversees TANF, child care subsidies, and many other human services programs), and the Center for Medicaid and Medicare Services urging states to think about links between health and human services clientele as they implement the ACA (HHS and USDA 2010). This policy climate at the federal level has encouraged states to innovate, and it also has allowed them to experiment with specific policy changes that make integrated processes and service delivery more feasible. (For a survey of policy opportunities across work support programs, see the accompanying paper in this series, Rosenbaum and Dean [2011].)

### *What This Paper Includes*

This paper examines research about the delivery of health, nutrition, and child care benefits to low-income working families to address the three issues described earlier: families' access to the programs, benefits for families and communities, and benefits for states from modernization. The paper's

unique breadth—synthesizing evidence from all three work support programs across all three issues—is driven by the central role of the issues in the design both of state modernization initiatives and the national WSS demonstration.

- *Access to Program Benefits.* Both states and the national demonstration need to understand whether there are still problems with families' access to benefits or whether recent changes have filled most gaps, leaving little improvement possible. They also need to know more about which families seem to have particular difficulty with access and what evidence supports one or another policy or practice strategy as effective in improving access.
- *Benefits for Families and Communities.* The WSS demonstration chose its focus on Medicaid, SNAP, and child care for several reasons. Linking Medicaid and SNAP for working families offers an immediate opportunity that builds on overlapping eligibility, federal entitlement funding available to states, and a recent history of accomplishment by states, the federal government, and nonprofit and philanthropic organizations (Rosenbaum and Dean 2011). But another reason for choosing these programs was the underlying research evidence, which suggested these programs, along with child care subsidies, can lead to long-lasting improvements for families, including better employment outcomes and better health and development for children. States and the national demonstration need to know more about what evidence backs up these potential improvements—and they need to

consider both evidence and gaps as they design initiatives and evaluations going forward.

- *Benefits for States.* Many states have embarked on modernization projects and have participated in WSS to reduce administrative burden and potentially costs, as well as to improve client access. They need to know what the evidence tells them about what to expect, and what remains to be learned.

The structure of the paper largely follows these three broad issues. Section III begins with a description of the three work support programs, to provide context for the reader. It then considers several questions about families' access to benefits:

- What share of families participates in individual programs and in the programs taken together (considering both estimates of eligible families and the full group of low-income working families)?
- How much does participation vary by state?
- What family and program characteristics affect participation?

- What is known about “churn,” meaning the difficulty that families have staying enrolled even while they are still eligible?

Section IV turns to the question of benefits to families that participate in work support programs. It assesses the evidence about short-term benefits, such as avoiding hardship and paying bills on time; longer-term benefits to children's development; and longer-term effects on parents' work, such as stability and earnings.

Section V completes the picture of benefits by assessing the evidence about benefits to states of modernization initiatives in each program. What do researchers know about how modernization initiatives affect administrative costs, program error rates, client service, and staff morale? While the argument that streamlining administration can save dollars and reduce burdens seems obvious, the evidence is just beginning to come in.

Finally, the paper concludes with a description of the future plans for the Work Support Strategies initiative, including the timeline for the demonstration and the evaluation. One goal of WSS is to provide information that will help fill key gaps.



### III. Access to Benefits for Working Families: Status Report

Work support programs aim to assist low-income earners and their families meet their needs for health care, food, child care, and other basic necessities. Yet many low-income working families receive little or no help from these programs.

In this section, we describe the major national work support programs available to low-income working families, particularly those on which this demonstration project focuses: the Supplemental Nutrition Assistance Program, health insurance through Medicaid and the Children's Health Insurance Program, and CCDBG. Then, we turn to research that examines how well these programs are doing at reaching low-income families. Recent research suggests that whether measured by participation rates, the share of low-income families receiving benefits, or other indicators of program access, many low-income working families do not get and keep these benefits or others for which they are eligible.

#### *What Are Today's Work Support Programs?*

A number of public programs play an important role in stabilizing the lives of low-income working families with children. These include:

- benefit programs for working families operated through the federal and state tax systems (such as the earned income tax credit or child tax credit);
- benefit programs delivered by state and local government workers, such as SNAP,

#### Major Research Findings and Research Gaps

- Despite recent increases in participation in SNAP and Medicaid, considerable gaps remain in participation among eligible working families.
  - About one in five eligible children do not participate in Medicaid/CHIP.
  - Almost four in ten eligible working households with children do not participate in SNAP (and participation has recently declined among this group).
  - An estimated seven in ten families eligible for child care subsidies based on state standards are not served by CCDBG. (In Medicaid and SNAP, funding expands depending on the number of people eligible. However, child care funding is capped, so participation is limited by state and federal fiscal constraints, not just by program rules and administration.)
- Little up-to-date information exists about the extent of families' participation in multiple benefit programs. The most recent study, using 2001 data, found that only 5 percent of low-income working families obtained a full work support package of Medicaid/CHIP, SNAP, and child care subsidy.
- Participation rates in the core work support programs vary greatly by state (and, for some states, by county or other substate region). For example, in SNAP, participation rates for the working poor in the highest states are twice as high as in the lowest.
- Studies suggest that both family and program design and implementation characteristics affect participation and retention. A few studies have examined changes intended to increase participation



## Major Research Findings and Research Gaps (cont.)

or retention and found that they had the desired effect: for example, a recent rigorous experiment in Illinois found that lengthening redetermination periods in child care increased families' retention of the benefit, as intended (Michalopoulos, Lundquist, and Castells 2010).

- The large variation in participation across states suggests that state choices about program implementation affect families' participation and that there is plenty of room for improvement where rates are low. However, we found no studies that directly addressed the reasons for variation among states.
- Families experience difficulty not only in gaining initial access to benefits but in keeping them—the problem of program “churn.” Studies from all the programs show large numbers of program recipients leaving the program and then reentering in short periods of time. Such churn creates administrative burdens for families and program staff.

Medicaid/CHIP, child care subsidies, energy and housing assistance, and cash assistance and work support payments available through the Temporary Assistance to Needy Families program;

- scholarships or services to help with education and training (such as federal Pell grants or locally administered services under the Workforce Investment Act); and

- unemployment insurance benefits, which support families during periods when a wage earner is between jobs.

In the WSS demonstration project, we asked states to focus on a package of benefits that includes at least help with the cost of health insurance (Medicaid/CHIP), help in paying for food (SNAP), and help in paying for child care (CCDBG). Medicaid is the largest federal program that serves children and SNAP is large and growing; the child care subsidy program does not serve as many families but provides substantial assistance to families that receive it and is singled out by research as potentially important for children's development as well as parents' employment.<sup>3</sup>

Core work support and public benefit programs, including Medicaid and CHIP, SNAP (previously known as Food Stamps), and CCDBG, help millions of families receive essential goods and services. See table 1 for a summary of the programs' key features. Medicaid is the nation's means-tested public health insurance program, providing access to affordable and comprehensive health care to millions of children and adults in low-income families and to the elderly and disabled, who may rely on the program to fill critical gaps in

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<sup>3</sup> Under the WSS demonstration, states may propose to include additional programs in their integrated package to meet their particular needs and interests. For example, a state might choose to include cash assistance or other services funded through the Temporary Assistance for Needy Families (TANF) program, because its intake and renewal processes may already be highly integrated with SNAP and Medicaid. Another state might want to include Low-income Home Energy Assistance Program (LIHEAP) eligibility, because it serves many of the same households, it has a large enrollment base, and maintaining a separate eligibility structure may be a strain on both clients and staff.

**Table 1. Key Features of Major Work Support Programs**

	<b>Medicaid</b>	<b>SCHIP</b>	<b>SNAP</b>	<b>CCDBG</b>
<b>Income eligibility</b>	Varies by eligibility category and state. Range from 133% of FPL if children under 6, 100% of FPL if children 6 or over, and 17% of FPL if working parent. <sup>a</sup>	Varies by state. Ranges from 133 to 300% of FPL.	130% of FPL <sup>b</sup>	Varies by state. Limits range from 127 to 336% of FPL for a family of three. <sup>c</sup>
<b>Average monthly participation</b>	22.1 million adult individuals and 24.8 million children (2009)	5.0 million children (2009)	33.5 million individuals (FY2009)	1.6 million children (FY2009)
<b>Participation rate</b>	62% of eligible adults (age 19–64)	82% of eligible children <sup>d</sup> (2008)	67% of eligible individuals (2008)	29% of eligible children (2005)
<b>Aggregate federal annual expenditure</b>	\$192.4 billion (FY2008)	\$7.0 billion (FY2008)	\$34.6 billion (FY2008) <sup>e</sup>	\$6.8 billion (FY2008)
<b>Aggregate state and local annual expenditure</b>	\$146.4 billion (FY2008)	\$3.0 billion (FY2008)	\$6.2 billion (FY2008) <sup>f</sup>	\$2.4 billion (FY2008) <sup>g</sup>

Sources: For Medicaid and SCHIP, <http://www.statehealthfacts.org> and Heberlein et al. (2011); for SNAP, <http://www.usda.gov/fsp> and Leftin (2010); for CCDBG, <http://www.acf.hhs.gov>, Schulman and Blank (2010) and Matthews (2010).

FPL = federal poverty level; FY = fiscal year

Notes:

a. The new health care reform (the Patient Protection and Affordable Care Act, or PPACA) will extend Medicaid eligibility to all groups of people under the age of 65 with incomes up to 133 percent of FPL starting in 2014.

b. Over 40 states have taken advantage of a federal option known as “Expanded Categorical Eligibility,” which eliminates the requirement for an asset test for families receiving a noncash benefit (such as child care) from programs funded through TANF as categorically eligible for SNAP, as long as the family’s gross income does not exceed 200 percent of the FPL. Over half the states have also used this option to raise their gross income test to amounts above 130 percent of FPL but below 200 percent. See <http://www.fns.usda.gov/snap/rules/Memo/2011/010511.pdf>.

c. Under CCDBG, states may provide child care assistance to families with incomes under 85 percent of State Median Income (SMI). SMI varies across the states from 37 to 85 percent of SMI. See Schulman and Blank (2010).

d. Participating eligible children enrolled in Medicaid/CHIP.

e. Does not include the federal share of administrative costs; FNS pays approximately 50 percent of state agency administrative costs to operate SNAP. In FY2008, the federal share of administrative costs was nearly \$3.0 billion.

f. State agency administrative costs prior to federal cost sharing.

g. States can also use federal TANF funds used for child care. In 2008, TANF funds spent directly on child care were \$1.6 billion and TANF transfers to CCDBG \$1.7 billion. See Matthews (2010) for more details.

their Medicare coverage. The State Children’s Health Insurance Program, enacted in 1997, enables states to provide health coverage to millions of children and some parents with incomes too high to qualify for Medicaid, but for whom private health insurance is either unavailable or unaffordable. Although federal funds make up on average 57 percent of funding in Medicaid and 70 percent of funding in SCHIP, states play a pivotal role

and have a fair amount of discretion in determining eligibility thresholds and how to enroll and retain eligible adults and children in Medicaid and SCHIP (Wachino and Weiss 2009). Eligibility for Medicaid is largely based on, but not limited to, income.

The Supplemental Nutrition Assistance Program is the nation’s largest anti-hunger program and supports the dietary needs of nearly over 43.3 million low-income

Americans (USDA 2011). Unlike Medicaid/SCHIP and child care, the federal government pays the full cost of SNAP benefits and states cover half of all administering costs. States do have flexibility in determining much of the enrollment and retention processes but eligibility rules and benefit levels are fairly uniform across states. Eligibility for this means-tested entitlement program largely relies on three criteria: general monthly income, net income, and assets.<sup>4</sup>

The Child Care Development Block Grant, enacted in 1990, enables many families to select and pay for the child care provider of their choice. Approximately 1.6 million children and 953,400 families per month received child care assistance in FY 2009 (HHS 2011). States set eligibility ceilings, as described below, but because the program is funded by a capped federal grant to states, even families below these state ceilings will only receive services if there is funding available. Therefore, unlike the programs discussed above, if families meet CCDBG income eligibility limits, it does not imply that they will receive child care assistance.

States have great flexibility in setting child care policies. States may serve families when parents are working, in education or training, or when children are receiving protective services but may grant priority for certain categories of children and may create additional eligibility requirements. The federal maximum income eligibility limit in order for families to receive CCDBG assistance is 85 percent of the state median income (SMI). However, 44 states set income eligibility limits below the federal maximum—states and territories ranged from 34 to 85 percent of SMI (CCDF 2010).

CCDBG is the primary mechanism for providing child care to working families. It is also the most likely to be administered through state human service agencies, making it amenable to coordination with other public benefit programs. States typically supplement CCDBG funding through their TANF and Social Services Block Grant (SSBG) programs; children are also served through Head Start and school pre-kindergarten programs.

### Can These Programs Come Together as an Integrated Package to Support Working Families?

On one hand, important policy changes have enabled Medicaid/CHIP, SNAP, and child care to provide more low-income working families with comprehensive work supports. Throughout the 1990s, all three programs experienced poverty-related expansions and increases in state flexibility that allowed a shift in emphasis from serving low-income families on welfare to serving low-income working families. As a result, there is considerable overlap in families eligible for the three programs, including many low-income working families with children under age 13.

On the other hand, despite this seeming overlap, significant differences in eligibility, delivery, and funding have made it difficult for these work support programs to serve as a “system.” Each program is administered by a different federal agency and has developed in a different policy context—health care, nutrition programs, child care. Many states have struggled to adjust eligibility requirements and delivery systems to accommodate more working families—often adding new eligibility requirements on old ones. Eligibility differs by age, income, and

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<sup>4</sup> See note 3.

work status and may vary across individuals in the same family. Some programs have specific application requirements for families to interview in person at a welfare office or other location while others allow eligible participants to apply online. These burdensome and sometimes overlapping or contradictory eligibility and redetermination systems or processes create unnecessary work for caseworkers, increasing administrative costs and straining the agencies and staff that are struggling to cope with state budget cuts.

Another challenge is that the differences among these three programs' funding composition and reporting requirements have substantial impacts, particularly during an economic downturn or state budget crises, on families' access to benefits. In particular, SNAP and Medicaid are entitlement programs, meaning that any eligible individual is entitled to benefits. In contrast, CHIP and child care subsidies are both funded through fixed block grants with state matching requirements. Therefore, eligibility does not guarantee receipt of non-entitlement benefits in child care and CHIP, compared with SNAP and Medicaid. Instead, unless states commit their own funds to reach eligible children regardless of cost, states manage these programs to stay within federal block grant funds. During the state budget crises in the early 2000s, states restricted the number of children with child care subsidies through waiting lists, closed intake, or eligibility restrictions, and researchers describe similar changes in states' CHIP programs (Schulman and Blank 2004; Hill, Courtot, and Sullivan 2005; Zedlewski et al. 2006). While these obstacles may preclude full integration of the programs, they do not stand in the way of smoothing out many other problems: for example, easing the way for families with child

care subsidies or on child care waiting lists to gain access to the Medicaid/SNAP benefits for which they are eligible.

Thus, a key rationale for the Work Support Strategies demonstration is the disconnect between the overlap among these programs and their potential to create a supportive system for the families they target, and the disparate ways they are often administered. For a detailed discussion of policy, technology, and business process options that can help states align program administration into a more integrated system, see Rosenbaum and Dean (2011).

### ***Many Working Families Do Not Receive the Benefits for Which They Are Eligible***

The next section of this paper explores the research about what benefits families actually receive. Although many low-income families are eligible for key work support programs, such as SNAP and children's health coverage through Medicaid and CHIP, a substantial share of those eligible do not actually participate, even after the recession-related caseload increases of recent years. Even fewer receive a full package of work supports, although little up-to-date information exists about participation across multiple programs.

It is useful at the outset to clarify the terminology used in this report. Unless otherwise indicated, "working families" or "working households" have one or more members with earnings. "Low-income" refers to those with incomes below 200 percent of the federal poverty level. "Poor" refers to those with incomes below 100 percent of the FPL. For SNAP, we consistently refer to this program by its current name, even for periods

dating back to its prior years as the Food Stamp program.

### Among **Eligible** Working Families, What Percentage Receive Benefits from Each Program?

Despite rapid overall SNAP program growth, participation among SNAP-eligible working households with children decreased between 2006 and 2008 from 64 to 62 percent (Leftin 2010; Wolkwitz 2008). The USDA estimates a somewhat lower 2008 participation rate of 54 percent for the “working poor,” defined as individuals eligible for SNAP who live in a household in which a member earns money from employment (Cunyngham and Castner 2010).

The estimated 2008 national participation rate in Medicaid/CHIP for all program-eligible children is 82 percent (Kenney et al. 2010). This 18 percent gap, however, represents millions of children. Among the estimated 7.3 million children in the United States who were uninsured on an average day in 2008, 65 percent were eligible for Medicaid or CHIP but not participating, and only 35 percent were not eligible.

Researchers estimated that among those possibly qualifying for child care benefits, fewer than 30 percent of eligible families were served in 2005 (HHS 2008). The estimate uses state eligibility rules effective October 1, 2005, and calculates need based on a broad pool of children and families whose age, income, and parental work status meet these requirements—it does not predict which families actually need subsidies based on parents’ work schedule, the children’s school and activity schedule, the living arrangements, and proximity of family and relatives (HHS 2008). Additionally, the number of children

served includes subsidies funded through the TANF program and Social Services Block Grant, suggesting that the number CCDF serves may be lower than estimated.

### Among **All** Low-Income Working Families, What Percentage Receive Benefits from Each Program?

Looking at how many low-income working families receive work supports, whether or not they are eligible, helps us understand whether these programs reach enough struggling families to play their intended role in work stability and well-being. In addition, for work support programs that have different eligibility ceilings in each state, participation rates among eligibles can hide important gaps and disparities. States with great needs may set low eligibility ceilings, not because families wouldn’t benefit from the help but because of state fiscal constraints.

Only a small share of low-income working families receive government benefits or work supports. Using survey data from 2001, Acs and colleagues find that the vast majority of low-wage workers in low-income families do not receive these benefits, except for the EITC.<sup>5</sup> Only 15 percent of low-wage workers in low-income families received SNAP benefits, increasing to 32 percent among low-income families headed by unmarried mothers. Less than 2 percent of the full low-income group and about 5 percent of the unmarried mothers group received child care subsidies, although the researchers report that

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<sup>5</sup> This study defines a low-wage worker as any individual age 16 to 64 who works for pay, is not a student, and whose hourly wage is less than what is required for a full-time, full-year worker (i.e., 2,080 hours) to earn enough to keep a family of four out of poverty. This hourly wage was \$8.63 in 2001, equivalent to \$10.50 in 2008.



the data set likely undercounts child care (Acs, Loprest, and Ratcliffe 2010).

### **Among Low-Income Working Families, What Percentage Receive Benefits from Multiple Programs?**

Little up-to-date information exists about what proportion of low-income working families receive benefits from the full package of programs. A recent SIPP analysis (Rosenbaum and Dean 2011) finds a 58 percent participation rate in SNAP and Medicaid/CHIP among children at or below 100 percent of FPL, almost all of whom are eligible for both programs.

Yet, no study that we are aware of has developed participation rates for families eligible for multiple benefits, which would be extremely complex. Instead, researchers have used the approach just described, where they estimate the reach of the full package of programs among working families that are either low-income or poor.

When researchers turn to this question of how many families receive multiple work support benefits, they find even more dramatic gaps than indicated above. Based on a 2002 survey, Zedlewski and colleagues find that only 5 percent of low-income working families obtain a full work support package of Medicaid/CHIP (for any member of the family), SNAP, and child care subsidy (Zedlewski et al. 2006). A much higher share of low-income working families received Medicaid/CHIP only (30 percent) or the combination of Medicaid/CHIP and SNAP (20 percent). Fully 38 percent of low-income working families receive none of these program benefits.

Although the full 2006 study by Zedlewski and colleagues has not been replicated,<sup>6</sup> Zedlewski and Zimmerman (2007) conclude from 2005 budget and caseload administrative data that SNAP and Medicaid participation among low-income working families has likely increased since the original study but the availability of child care subsidies has shrunk. Others have also concluded that enrollment in child care subsidies has likely declined due to budget cuts, though findings are mixed (Shulman and Blank 2010; Clothier and Poppe 2010).

### ***Who Receives Benefits? Variations in Program Access***

Participation rates in work support programs vary greatly by geographic location and by family economic and demographic characteristics. Attention has increasingly focused on program policies and administrative processes that may discourage participation through procedural burden imposed upon clients. One aspect of this is “program churn,” whereby recipients are not renewed for procedural reasons and then reapply for assistance to be reinstated within several weeks or months.

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<sup>6</sup> Zedlewski (2006) used data from the third and final (2002) round of the National Survey of America’s Families. The absence of more recent comparable data reflects the limitations of survey data (such as SIPP) and the difficulties of gathering relevant information from alternative sources, in particular state administrative systems. These systems are not currently equipped to provide researchers with timely cross-program information on changes in the size and composition of the recipient population and the program-eligible population.

## Variation by State and Locality

Participation rates also vary by state and locality. Even in SNAP, with more national policy consistency than other work support programs and a high overall participation rate, households participate at different levels in different locations. For example, California and Rhode Island had the lowest state participation rates in 2008 for the working poor—35 and 40 percent, respectively—compared with such states as Maine and West Virginia, whose rates were 85 and 91 percent, respectively (Cunyngham and Castner 2010).

In the Work Advancement and Support Center (WASC) demonstration project, which enrolled low-income working families whose wage-earners typically earned less than \$10 an hour, Miller and colleagues (2009) found that only 24 percent of control participants received SNAP benefits in San Diego, California, compared with more than double that in Dayton, Ohio (54 percent). Variation was also present in receipt of Medicaid and child care: 31 percent of the control adult respondents in both sites had Medicaid coverage, and 34 percent in Dayton and 15 percent in San Diego received subsidized child care. These estimates relate to the first year of the study, 2005–2006 (Miller et al. 2009).

Medicaid/CHIP participation rates among eligible children also vary widely among states. Kenney and colleagues (2010) have estimated these rates to exceed 91 percent in each of the top five states, with D.C. as the highest at 95 percent, followed by Massachusetts, Vermont, Maine, and Hawaii. In contrast, the participation rates were under 70 percent for the lowest five states: Florida, Montana, Colorado, Utah, and Nevada (the lowest at 55 percent). Within some states, participation

rates can vary as much as twofold across areas. In Florida, for instance, rates ranged from below 46 percent to above 92 percent.

Child care subsidy participation varies widely across states but participation rates are difficult to capture. Because states determine the policy parameters (such as the income eligibility level and the priorities for service within that level) and also face capped federal resources (so that serving a larger percentage of eligibles requires a larger state investment), differences in participation may be due to funding or other factors. One approximate indicator of unmet need is the length of state waiting lists for child care assistance. Nineteen states had waiting lists or had frozen program intake as of late 2010 (Schulman and Blank 2010). However, states vary in how they keep waiting lists.

Why do these disparities occur? As the next two sections indicate, such disparities may occur due to the differences in family characteristics, the composition of family populations across states (Cody et al. 2008), and the differences in how states design and implement work support programs.

## Family Characteristics that Affect Access to Benefits

Researchers have identified relationships between the demographic characteristics or economic circumstances of low-income families and their participation in individual programs.

*Household structure* has been found to explain differences in participation among families. Researchers have found that families headed by a single parent, especially female-headed families, are much more likely to rely on SNAP or child care (Ratcliffe, McKernan, and Finegold 2007; Schaefer, Kreader, and

Collins 2005; Shlay et al. 2004). Furthermore, Zedlewski and colleagues (2006) found that single parents are significantly more likely to receive the combination of EITC, SNAP, Medicaid/CHIP, and child care subsidies (15 percent) than married couples (1 percent). Higher receipt of child care among single-headed households may reflect the difficulty among couples in meeting the CCDBG employment requirements and state income thresholds. If both parents are working enough hours to be eligible based on work criteria, their income may exceed the income eligibility threshold.

The younger the *age of children*, the greater the likelihood of receiving benefits from work support programs. Leftin (2010) finds SNAP participation to be higher among preschool children (87 percent) than school-age children (84 percent). For Medicaid/CHIP, the study by Kenney and colleagues (2010) found a higher participation rate for children 0 to 5 (86 percent) than for those 6 to 12 (83 percent) or 13 to 18 (76 percent). Zedlewski and colleagues (2006) found that, among poor working families with children, those with a child under age 6 were more likely than other families to receive the full package of work supports (10 versus 3 percent). Given the significantly higher cost of child care for young children compared to school-age children, families with younger children may be more inclined to seek child care subsidy benefits.

*Citizenship status* can also influence families' participation in work support programs. Patterns differ according to whether household members are all citizens, all noncitizens, or of mixed status (i.e., citizen children with no citizen parent). A potential contributor to low participation rates is the extraordinary complexity of program eligibility

for noncitizens, including legal immigrants, with major variation by program and state.<sup>7</sup> Noncitizens who are eligible for SNAP participate at a lower rate than other families. Cunyningham (2004) estimates that 39 percent of program-eligible noncitizens receive SNAP benefits, compared with 54 percent of all households. The Urban Institute has conducted several studies concluding that low-income immigrant parents and their children face barriers to receipt of services and benefits (Holcomb et al. 2003; Martinson et al. 2009). Kenney and colleagues (2010) found Medicaid/CHIP participation to be higher for a citizen child with citizen parents (84 percent) than for a citizen child with no citizen parents (79 percent) or a noncitizen child (69 percent). In child care, immigrants are less likely to apply for benefits compared with non-immigrants and face barriers when accessing and maintaining child care benefits (Burststein et al. 2001; Matthews and Jang 2007). Factors that may limit access to child care for immigrant parents include lack of awareness that their children are eligible for federal subsidies, language obstacles in the application process, and fears about deportation of household members if public agencies are contacted (GAO 2006; Matthews and Jang 2007).

However, a contrasting study that examined just two urban sites found that low-income families with limited *English proficiency* are more likely to receive food stamps than proficient families (15 versus 6 percent in Los Angeles, and 22 versus 12 percent in New York). Findings from the same study suggests that higher receipt of benefits is due to higher need among limited English proficiency

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<sup>7</sup> A forthcoming paper by Fortuny (2011) will summarize federal and state immigrant eligibility rules for Medicaid, SNAP, and TANF.



(LEP) adults—the odds of food insecurity and moderate hunger are twice as high for LEP families as for proficient families, when controlling for citizenship, legal status, family composition, and tenure in the United States. In both cities, about half of families with adults who spoke no English at all were food insecure (Capps et al. 2002).

Using 2001 SIPP data, researchers from the Urban Institute found that families with a higher *number of working hours* were less likely to receive work support benefits than those with fewer hours of work. Low-income families where at least one parent is working full-time (high work) are much less likely to receive work supports compared with other working families. For example, only 19 percent of high-work, low-income families receive SNAP benefits compared with 42 percent of medium-work families (families where combined hours of both parents meet the full-time equivalent). This partly reflects the fact that high-work families qualify for smaller SNAP benefits. Even among working poor families (with incomes below the poverty level), high-work families receive the package of SNAP, Medicaid/CHIP, and child care benefits less often than medium-work families (5 percent compared with 11 percent). For either low-income or poor working families, patterns of benefit receipt are much more similar between those with medium work and those with low work (combined hours less than a full-time equivalent) (Zedlewski et al. 2006).

### Features of Program Design and Outreach

Factors relating to program policy and operations also influence enrollment and retention. Researchers are just beginning to examine the effects of policy and operational

changes that aim to improve participation; these studies, while still scant, add considerably to our knowledge.

*Lack of awareness of a program's existence, complexity of (and confusion about) eligibility rules, a negative perception of program, and lack of interest in receiving benefits* limit participation. Bartlett and coauthors (2004) found significant misperceptions of SNAP program rules among eligible, nonparticipating households. Nearly half of the households surveyed believed that their employment made them ineligible to receive benefits. However, a third of eligible, nonparticipating individuals also reported that they would not apply for SNAP even if they were eligible. They cited personal reasons (e.g., a desire for independence or a perception of stigma in receiving benefits) and reasons related to office policies (e.g., perceived costs of applying or a previous “bad experience” with SNAP or another government program). Though a much smaller sample, researchers found similar patterns among individuals eligible for child care subsidies in Pennsylvania (Shlay et al. 2004).

#### *Burdensome administrative procedures.*

Establishing and maintaining one's eligibility typically poses considerable burdens on low-income working parents, in the form of time, out-of-pocket expense, and logistical planning (Wittenburg and Favreault 2003; Zedlewski, Holcomb, and Loprest 2007; Adams, Snyder, and Banghart 2008). Programs usually require the applicant to appear in person for an interview with a caseworker and provide documents verifying eligibility. Program hours may coincide with normal weekday working hours, making it difficult to schedule visits. Waiting times at the office may be lengthy, and time away from a job at hourly pay poses an opportunity cost. Transportation and child

care arrangements may add to the difficulty of office visits. To access a package of benefits, visits may be required to multiple offices in different locations. Recertification periods may be of differing lengths, calling for multiple periodic visits, increasing the chances of missed appointments. Shorter certification periods provide a greater chance of procedural denials. Conversely, as indicated in a recent child care study using a rigorous experimental design in Cook County (Illinois), longer redetermination periods increased families' benefit retention (Michalopoulos et al. 2010).

### ***Difficulty Retaining Benefits: Program Churn***

Symptomatic of the difficulties of retaining benefits is the churn phenomenon, the disruptive cycle of involuntarily losing benefits and then re-establishing eligibility within a short time period. Many families that lose benefits spend very short periods of time off a program before reenrolling, suggesting that their financial circumstances had not significantly improved or stabilized when they stopped receiving benefits. Research has found that nearly half of all children are dropped from SCHIP coverage at renewal periods and that nearly half of children who lose Medicaid coverage are in fact still eligible for coverage (Dick et al. 2002; Summer and Mann 2006). An analysis of Medicaid and CHIP in four states found significant enrollment instability in each state. In Virginia, for instance, only 54 percent of children in the state's Medicaid program retained health benefits throughout an 18 month study period (including 19 percent who switched from Medicaid to CHIP), and

during three months in Washington State, nearly 13,000 children left and returned to the state's CHIP program (Summer and Mann 2006).

Like Medicaid and CHIP, the stability of child care and SNAP receipt for families that remain eligible varies among states. Using state administrative data, researchers found that in each of the five states studied, over a third of children discontinued child care subsidy receipt and reestablished receipt within a year of the previous exit. In Maryland, such churning was as high as 58 percent (Meyer et al. 2002). In Illinois, nearly half of those who exited the SNAP program in 1997 returned within two years, and nearly half of those who returned to the program did so during the first year (Rangarajan and Gleason 2001). A more recent study found that as little as 14 percent of individuals in Los Angeles County (California) and as many as nearly 35 percent in Cuyahoga County (Ohio) returned to SNAP within a year after being off the program for two consecutive months (Richburg-Hayes and Kwakye 2005). Using administrative data from Texas, Schneider (2007) indicates that economic trends may affect the rate of churning; of individuals who exited SNAP between 1996 and 2004, approximately half returned to SNAP within just over two years, but during the recession/early recovery period, half of participants who exited SNAP returned within just over a year.

There are several reasons families lose benefits. As described above, due to the complex system of eligibility and redetermination processes, families may miss recertification appointments or fail to meet other procedural requirements. Even when clients meet all requirements for participation, state and local offices may be unable to track

documents or may incorrectly and unknowingly terminate otherwise eligible individuals. Research has found that for Medicaid, CHIP, SNAP, and child care subsidies, spells of subsidy receipt may be shorter in states that require some or all families to recertify eligibility more frequently (Meyers et al. 2002; Summer and Mann 2006; Ribar et al. 2008). The SCHIP administrative files of eight states revealed that nearly a quarter of renewal applications were denied because of incorrect paperwork, and 40 percent of enrollees never reapplied (Hill and Lutzky 2003).

Though families may lose benefits due to a period of circumstantial ineligibility, maintaining benefits could greatly improve

families' stability. For some low-income working families, changes to work and living situations may be highly variable, and caseload churning further burdens already struggling families (Adams and Rohacek 2010). As described above, the cost to participants of accessing benefits is in the form of out-of-pocket expenses (transportation and child care) and forgone wages (Wittenburg and Favreault 2003; Zedlewski, Holcomb, and Loprest 2007; Adams, Snyder, and Sandfort 2002). Such costs may be incurred repeatedly if participants find it necessary to reapply for benefits, and such participant experiences can also contribute to a program's adverse public image (GAO 2004).

## IV. What Do We Know about the Pay-Off of Work Supports for Families and Communities?

A key reason for the WSS demonstration is the expectation that helping families get and keep the package of benefits for which they qualify will stabilize their lives, enable them to work more steadily, and eventually improve their earnings. Research so far supports this expectation, but many gaps remain to be filled. As demonstration states implement their proposed reforms, their experiences could add considerably to our knowledge.

### *How Do Work Supports Affect Family Well-Being?*

Many studies suggest that work support programs help families address immediate needs and reduce short-term hardship. For example, several recent studies found SNAP benefits to have significant effects on households' food security (Nord and Golla 2009; Ratcliffe and McKernan 2010). Similarly, studies suggest that access to children's health insurance relieves families' financial stress (Duchon et al. 2001; Kaiser Family Foundation 2000) and that child care subsidies reduce out-of-pocket costs to families and eases the financial burden per child (Forry 2009; Danziger et al. 2004; Weinraub et al. 2005). Additionally, parents report that receiving child care benefits enabled them to acquire food and clothing, save, pay bills on time, and pay off debt (mostly credit card debt) (Forry 2009).

Studies of Medicaid and CHIP also show important benefits to health and well-being

### Major Findings and Unanswered Questions

- Considerable evidence for all three programs demonstrates that work support programs help families address immediate needs and reduce short-term hardships, such as food insecurity.
- Some studies link receipt of children's health insurance under Medicaid/CHIP to better child development, health, and education outcomes. Gaps in this research remain to be filled by future work.
- Researchers have found links between all three programs and positive employment outcomes for parents, such as work stability and earnings. However, the number of studies is still small, and several are focused specifically on families transitioning from welfare to employment, a small subgroup of the low-income working population.
- One major study has looked at the consequences for families of receiving a package of work support benefits, rather than looking at the benefits separately. This demonstration, the New Hope Project, found positive results for employment and earnings and long-term positive results for children and adolescents, based on an eight-year follow-up (Miller et al. 2008).
- Limited evidence links work support programs to community benefits, such as less homelessness or need for food pantries and increased economic activity when families spend their federally funded SNAP benefits within their communities.

(Cohen-Ross and Hill 2003). Dramatic impacts have occurred in the first few months of life, as research has linked program

participation to significant declines in infant mortality, childhood deaths, and the incidence of low birth weight (Kaiser 2009.) Other studies have shown additional positive health outcomes. For example, children with access to SCHIP or Medicaid are more likely (than others without insurance) to have a continuing source of care, at least one well-child visit, and dental care (Kaiser 2009). Studies also indicate that children enrolled in publicly funded insurance programs are less likely to have unmet health care needs compared to those without insurance (CHIRI 2004). And among adults, considerable evidence shows that going without health coverage prevents utilization of necessary care, increasing illness, and causing preventable death (Institute of Medicine 2009).

Children's educational performance and outcomes have also been linked to the receipt of health insurance. SCHIP for example, has been linked to better school attendance, improved reading scores, and better participation in school, both inside and outside the classroom (Kaiser 2009). With respect to improved reading scores, the favorable effects of public health insurance appear directly attributable (at least in part) to improvements in child health, as distinct from the freeing up of family budgetary resources through lower expenditures on health care (Levine and Schanzenbach 2009).

While we did not identify research linking child care subsidies under CCDBG to improved educational or developmental outcomes for children, the New Hope program, a rigorous random assignment experiment described more fully below, found long-lasting effects on children and adolescents which researchers linked to receipt of child care subsidies as part of the experimental intervention. Parents who

received the subsidies tended to use more formalized care—such as licensed child care centers and homes—than the control group. As a result, the program participants had lower rates of child care instability (Lowe et al. 2005). Over the long-term, after most children were too old for formal child care, they still spent more time in “structured, supervised out-of-school activities.” Children also were more engaged in school and work eight years after the experiment (Miller et al. 2008, 3). This work raises the possibility that, if CCDBG programs were well-structured to reduce churn and support stable benefit receipt and stability in the child care setting itself, children could benefit substantially (Adams and Rohacek 2010).

### *How Do Work Support Programs Affect Parents' Work Stability and Earnings over the Long Run?*

Research on the long-term role of work support benefits has focused on how benefits help stabilize family circumstances, allow families to work more steadily, improve incomes, and enhance children's environments at home and in out-of-home care. One line of research explored these issues by examining the use of work support as a transitional benefit for those exiting welfare. Families taking advantage of the available supports—in particular, child care, health insurance, and emergency cash assistance—were less likely than others to return to welfare in the following two years (Loprest 2002). Families transitioning off TANF that use SNAP are less likely to return to TANF and are more likely to be stably employed for up to a year after exiting, compared with women not receiving SNAP upon leaving TANF (Acs and Loprest 2007).

Another line of research has consistently found that child care subsidies can play an important role in improving parents' employment outcomes (Schaefer, Kreader, and Collins 2006; Tekin 2005). Forry and Hofferth (2009) found that parents with child care subsidies experienced fewer child care–related work disruptions, contributing to parents' ability to retain a job. Low-income parents receiving child care subsidies are more likely to work than low-income parents without a subsidy (Tekin 2005). Among low-wage, unmarried mothers in low-income families, receipt of child care assistance increases self-sufficiency (measured as the ratio of family earnings to family needs). As a lower bound, child care receipt is associated with an increase of about \$625 in earnings per year for a single-mother family living at the poverty level (Acs, Loprest, and Ratcliffe 2010).

Few studies have focused on family receipt of a package of work support benefits. However, one important study suggesting a pay-off from providing a package of work supports to families is the New Hope Project, mentioned earlier, which involved policy changes and efforts to better connect families to the benefits for which they qualified. This demonstration, operational in the mid-1990s in two Milwaukee sites, aimed to address gaps in the low-wage labor market by providing supplements and supports to full-time working families. In particular, the program offered community service jobs to those without work and then provided a three-part package of supports, including a wage supplement (beyond the EITC, to help raise incomes over the official poverty line), child care subsidies, and low-cost health insurance. The demonstration found positive results for employment and earnings and, most

dramatically, long-term positive effects for children and adolescents, based on an eight-year follow-up (Miller et al. 2008).

As with any comprehensive community initiative, the attribution of impacts to particular aspects of the demonstration is difficult. As noted earlier, the child care subsidy was credited with increasing the use of formal child care, a potential reason for the long-term effects on children. Although participants had a package of benefits available, take-up of these supports varied considerably. An estimated 45 percent of participants received at least one support for 12 or more months.

Another demonstration focused on a package of benefits is the Work Advancement and Support Center (WASC) demonstration. This effort brought together workforce development staff and welfare staff into “one-stop centers” that worked to ease access to benefits and combine supports for work, education, and training. It did not include changes in state policies, technology, or large-scale business processes to improve access. As noted earlier, early findings have shown significantly increased receipt of SNAP (in both sites) and publicly funded health care coverage (in one site), but not child care subsidies.

The WASC impact analysis showed no significant increase in employment and earnings. This might occur for several reasons. First, one site encouraged training and educational activities over work, so some benefits tied strictly to earnings might be seen later, but should not have been expected in the early years of the demonstration. Second, the changes in receipt of SNAP and health coverage (although statistically significant) were not large in magnitude, and many families in both the treatment and control



groups received neither benefit. Larger policy and administrative changes that enhance participation could have greater effects.

### ***How Do Work Support Programs Affect Communities and Local Economies?***

Limited evidence suggests that when working families access work support benefits, the communities where they live and work also benefit. Studies of TANF leavers have found that those receiving SNAP, Medicaid, EITC, or assistance with child care, transportation, or housing experienced significantly less homelessness, use of food pantries, difficulty paying for medical and dental care, and domestic violence (Relave 2002). Those receiving both SNAP and Medicaid were more than twice as likely as others to remain employed (Loprest 2002). Potentially, both the community and its employers could benefit from reductions in homelessness and domestic violence, as well as more stable employment. While we did not identify studies that addressed this issue, it seems likely that when a local workforce is more financially stable and has access to reliable transportation and child care—many of the supports provided by public sector programs—local employers can reap benefits in decreased turnover and absenteeism.

Communities also gain when families access their full range of benefits. Specifically, there is a short-term economic payoff for communities when families receive all benefits for which they are eligible. These benefits represent federal dollars that would otherwise

go “untapped.” The communities realize the benefits of added revenue coming into their local economies. For example, studies have shown that the added income in the form of SNAP benefits translates into substantial economic benefits for communities and states, as families spend these dollars locally. These food purchases support jobs in grocery stores and other food retailers and their suppliers. This in turn generates further economic activity through a multiplier effect. Economists have estimated that for every dollar increase in SNAP benefits, between \$1.74 and \$1.84 is added to the economy (Zandi 2009; Hanson and Golan 2002). These benefits, especially when spent directly within the recipients’ communities, thus act as a buffer in economic downturns, not only to families but to whole communities. USDA has estimated that, if all states increased their SNAP participation rates by 5 percentage points, the boost to national economic activity would amount to \$1.8 billion. In large states, such as California, New York, and Texas, the added economic activity exceeds \$150 million per state (Economic Research Service 2010).

Another area that seems promising for future research is the comparison of longer-term benefits to costs: does accessing benefits now for families lead to savings in future public expenditures? As we have outlined above, many work support programs create longer-term impacts on family and child well-being. To the extent that benefits stabilize families, increase incomes, and promote better child development outcomes, these initial costs can help contain future costs of programs like TANF, special education, and other social services.

## V. Potential Benefits to States of Modernized Delivery Systems

This section describes the potential advantages to states of streamlining and modernizing their systems for delivering work supports. We focus here on outcomes that go beyond improved client access to program benefits and services: administrative efficiencies, lower fraud and error rates, improved client service, and improved staff morale and outlook. These issues have been significant considerations—to varying degrees of importance—among states that have already implemented streamlined systems. States applying to participate in the Work Support Strategies demonstration also cited these advantages.

Evidence is limited on how successful prior and ongoing state efforts to streamline delivery systems have been in achieving multiple objectives in program performance. There are several reasons for this. First, evaluations require resources that states are rarely able to commit; the streamlining is itself often a response to scarce resources. The necessary studies are thus dependent on external funding. Second, the effects of changes in policy or procedure may not occur fully until well after the changes have been implemented, when sufficient time has elapsed to influence the entry-exit pattern of cases moving through application and renewal. Third, the quality of implementation plays a major role in how much new policies or procedures can be expected to achieve their intended effects. Missteps can occur and midcourse corrections may be needed. Fourth, these initiatives never occur in a

### Key Potential Benefits

- To be most useful, studies should assess several potential effects at the same time, to figure out whether they are moving in the same direction or whether some get better while some get worse. Besides families' access to and retention of benefits, important dimensions to study include administrative efficiencies and cost-savings, lower fraud and error rates, the quality of client service, and staff morale and outlook.
- Several studies show that states view modernization strategies in SNAP, public health insurance, and child care positively, with effects including improved client access, reduced errors, improved customer service (for example, customer satisfaction and timeliness), and to a lesser degree, administrative cost savings.
- While new studies are currently underway, research on the actual administrative effects of state modernization strategies is scant. An important contribution of the Work Support Strategies project will be to help fill this gap.

vacuum. Rather, they are often implemented in conditions of flux in program policies, administrative processes, and economic conditions. Finally, states often implement simultaneously a series of program simplifications, making it difficult to isolate the effects of specific changes.

With these challenges, one should not be surprised at how few studies have sought to carefully document and assess recent modernization initiatives. Indeed, a major contribution of the WSS demonstration evaluation (as section VI details) is a



systematic review of the experience of participating states that proceed beyond the planning year to the three-year operational phase. Of particular importance will be the insights with respect to the interplay among these multiple programmatic goals: across programs, over time, and under the differing focus of each state's strategy.

In this section, we focus on three recent studies, each exploring state efforts undertaken primarily *within* one of the core programmatic areas—SNAP, public health insurance (especially Medicaid and CHIP), and child care assistance. On one hand, these studies illustrate the limitations of the available evidence, to the extent that (by their research design) the findings focus on staff- or client-reported expectations and perceptions, rather than on measured programmatic outcomes. Nonetheless, the studies are distinctive in their scope, either describing efforts implemented across multiple states (in the SNAP and child care studies) or efforts that seek to streamline access across specific types of state or local benefits or services (in the health insurance and child care studies). They are also noteworthy in addressing the effects of modernization across the multiple categories of outcomes addressed here, with some attention to the tradeoffs involved in trying to achieve these multiple objectives.

The three studies are as follows:

- A nationwide study of SNAP modernization initiatives completed by the Urban Institute under contract to the Food and Nutrition Service (Rowe et al. 2010).
- A foundation-supported study conducted by the Lewin Group of the implementation in California counties of a web-based eligibility prescreening and enrollment system (called One-e-App) aimed at facilitating client access and benefit retention in the state's Medicaid program (Medi-Cal), the state's CHIP program (Healthy Families), and county indigent programs (Ange et al. 2008).
- In child care assistance, a foundation-funded implementation assessment of program modernization initiatives in seven Midwestern states, with attention to improved access to (and retention of) program subsidies as a byproduct of agency efforts to minimize client reporting burden and better manage staff workloads, conducted by the Urban Institute (Snyder et al. 2006).

We refer below to each of these respectively as the “SNAP modernization,” “Medicaid/CHIP on-line application,” and “child care access and retention” project or study.

In the SNAP modernization study (unlike the other two), program initiatives were generally undertaken for reasons *other than* to improve program access or to improve customer service. Increased staff caseloads was the most frequently cited reason for states to undertake these efforts. Nonetheless, it is significant to note the extent to which the interviewed SNAP agency staff perceived their initiatives as improving program access; fully 92 percent of states regarded their efforts as resulting in increased client access. Favorable responses represented a smaller majority, for both the staff of local offices (72 percent) and partner organizations (61 percent).

In the Medicaid/CHIP on-line application study, county staff reported increases in both program access *and* benefit retention,

attributed to the screening-in of applicants (who might not otherwise have applied), electronic document storage, and automatically generated renewal notices. The perceived effect on retention is noteworthy, as the initiative was designed to facilitate initial application and enrollment.

Also in the child care study, where minimizing client (parent) burden was a central motivation for the states' initiatives, the interviewed agency staff regarded the changes as promoting both access and retention, recognizing that such success depended on the particulars of the interventions and client demographics. For instance, strategies requiring internet access were expected to have limited effectiveness in areas with a persistent digital divide; expected results would also be mixed when efforts rely on language proficiency in either English or Spanish, among subpopulations with other first languages. Where policy and practice allowed greater flexibility and convenience to clients in establishing continued eligibility, staff perceived the likelihood of families receiving benefits for longer periods without interruption, thus reducing program churn.

### *Administrative Efficiencies*

The increase in program caseloads brought on by the economic downturn has required that states find administrative efficiencies in the face of agency budgetary pressures. To achieve annual administrative cost savings, agencies have needed to significantly reduce their cost per case-month of benefit receipt, given the increase in case-months resulting from the weakened economy.

In the SNAP study, where increased staff caseloads was the most frequently cited

reason for states to undertake modernization, state perceptions were mixed as to whether modernization efforts have led to administrative cost savings. Nearly two-thirds of agency staff responses were either "do not know" (35 percent) or "neutral" (31 percent), versus strongly or somewhat positive or negative. This may reflect the fact that cost-saving technological innovations often involve short-term investments, which may require years to recoup. It also may reflect the interpretation of the question by the interviewed staff. Modernization may not have enabled any year-over-year reduction in administrative costs, but agencies may nonetheless have been able to serve large numbers of clients with no increase in administrative budgets.

In the Medicaid/CHIP study in California, the common on-line application was estimated to reduce the work time a caseworker needs to process an application by 12 percent (from 8.9 to 8.0 hours), compared with the previous paper application.

In the child care access and retention study, some state staff appear to have undertaken efforts to promote participation expecting that administrative costs would necessarily rise. The experience in some instances indicated otherwise, with both client and administrative burdens decreasing. The study cited examples of such strategies: on-line common applications, synchronized recertification dates across programs, policies enabling child care subsidy to be temporarily suspended (with the case remaining open) during brief periods of ineligibility, or use of local community partners to assist clients with off-site applications or renewals.

More generally, since the bulk of administrative costs are personnel-related in such programs, the primary sources of savings

come from reducing staff time spent on each assisted client. As examples, informational web sites, common on-line applications, and simplified forms all mean less staff time devoted to answering client questions and explaining program requirements and less duplication of effort across programs in collecting client data. Central call centers and procedures enabling clients to upload verification documents remove the need for caseworkers to handle routine client requests and submissions. Document imaging and electronic case files can reduce the labor (and space) costs of document storage and retrieval.

### ***Lower Fraud and Error Rates***

In some instances, a desire to improve payment accuracy has motivated state efforts to modernize or streamline their systems. Biometric identification (finger imaging, facial recognition, or retinal screening) can reduce intentional client misrepresentation; data exchanges across programs enable early detection of misreported income or household composition. In other instances, program agencies may anticipate that client fraud and error rates will be reduced as a byproduct of efforts primarily focused at other goals. For instance, greater automation in collecting client data and determining eligibility and benefits may be implemented to reduce administrative costs or improve client access and service, but may also reduce errors. Automated forms can be checked for inconsistencies and inadvertent mistakes in client-reported information; software routines to calculate the benefit amount can eliminate caseworker computational errors. On-line eligibility prescreening can reduce the number

of ineligible clients who apply and are erroneously certified for assistance.

In the SNAP modernization study, state perceptions as to decreased fraud and error rates were mixed. As with administrative savings, the combined “neutral” and “do not know” responses constituted a majority of respondents, for both decreased fraud and decreased error rates.

In the Medicaid/CHIP on-line application study, the researchers found lower error rates for the applications submitted electronically versus paper applications, 1.0 versus 4.6 percent. This was attributed to fewer missing or mistaken entries on the application. Accompanying this would be other favorable effects: less time spent by workers in following up with clients to obtain missing items or to verify discrepant information and greater agency timeliness in acting on an application.

The child care access and retention study noted that, as indicated above, the desire to lower error rates may be consistent with reducing client and agency burdens. At one extreme, policy changes that simplify reporting requirements (e.g., the elimination of required change-reporting) can reduce errors, if only by defining them away. The researchers also noted, however, that under some circumstances, the goals of payment accuracy and reduced client burden are in conflict. Such would be the case with reducing or eliminating in-person visits at application or renewal, as one must accept a greater risk of failing to detect willful misrepresentation. The same may be true with relaxing administratively the requirements for reporting changes in income or with lengthening certification periods, as errors would result from unreported changes in

household composition or income (unless program policy is also adjusted).

### *Improved Client Service*

Modernized delivery systems offer many advantages to clients. On-line common applications, with the ability to upload paystubs or other documents along with better alignment of certification periods across programs translates into fewer required office visits. This reduces client out-of-pocket expenses for transportation and child care, lost wages associated with time away from work, and unproductive hours spent in office waiting areas. The prescreening of eligibility can reduce client burdens associated with applications that result in denials. Approved applications can be processed in fewer days, with more timely receipt of benefits. Applicants can track the status of their applications and payments on-line, resulting in less confusion, worry, and stress.

The SNAP modernization study found states to be overwhelmingly positive (86 percent) in their perceived impacts of modernization on increased customer satisfaction. This is similar to the early-mentioned findings as to increased benefit access.

The Medicaid/CHIP study found the on-line application process to take two to three days (13 to 18 percent) less than with a paper application. Most of this improved timeliness occurred by shortening the initial phase of the enrollment process, the front-end time the client needed to complete and submit the application, as opposed to the calendar time the caseworker required to reach a final disposition of the application. The researchers also estimated a 1.6 hour (21 percent)

reduction in the time the applicant spent completing the application and answering follow-up questions from caseworkers, compared to the paper application process.

To the extent that the child care access and retention study focused on efforts to reduce client (and agency) administration burden, it is not surprising that agencies perceived the efforts as improving client service. To some extent, however, they recognized efforts to simplify or modernize may involve tradeoffs in client-perceived service quality. As noted earlier, not all clients will welcome an automated interface with the agency; their desire for personal interaction with a caseworker is thus in conflict with the agency's interest in limiting the labor-intensive aspects of a traditional case management approach.

### *Improved Staff Morale and Outlook*

Another expected effect of streamlined delivery systems is an improvement in staff morale and outlook. This is presumed to occur through the reduced range of activity that caseworkers must handle and in part as a result of increased client satisfaction. With fewer hostile or agitated clients, the working environment is less stressful. Enabling caseworkers to have improved access to client information on-line reduces frustration. Call centers can handle routine client requests, and fewer face-to-face interviews allows for a more predictable daily schedule. In the short term, efforts to streamline may increase stress if positions are eliminated and job responsibilities are redefined. In recent years, however, staffing reductions have more typically occurred through agency hiring freezes occasioned by recession-related

budgetary pressures, not by modernization efforts.

In the SNAP modernization study, most states (53 percent) indicated that they were successful (“very” or “somewhat”) in implementing their modernization efforts with increased staff satisfaction. The responses were somewhat less favorable among local offices (39 percent).

The Medicaid/CHIP study found a majority of caseworkers (56 percent) prefer the on-line application process over the paper application process. They cited the automatic pre-screening of eligibility for multiple

programs and the ease of accessing client information, including electronically stored documentation.

Although the child care access and retention study did not explicitly address worker satisfaction, it raised concern about efforts to assign multiprogram responsibilities to individual caseworkers, as some states under study had done. Such strategies require staff training, and workers can become overburdened if their caseloads are not set at levels that take into account their newly assigned multiple responsibilities.

## VI. Work Support Strategies Demonstration and Evaluation

The Work Support Strategies demonstration builds on state experience and research evidence. Through planning and operational grants, technical assistance, and extensive peer-to-peer exchange, it aims to support states in conducting careful diagnostic assessments of their delivery systems for work support programs and designing and implementing individually tailored reforms to dramatically improve families' access to and retention of work support benefits, while potentially also streamlining state service delivery, reducing burden on caseworkers, reducing administrative costs, and enhancing the accuracy of eligibility determination. More than half the states (27) responded to a call for proposals issued in the fall of 2010, seeking to be funded for a planning and design year. After a multistage selection process, including input from a National Selection Committee and site visits to finalists, planning grants to nine states were announced in February 2011. Depending on the success of these planning initiatives and the available funding, about half of the states are expected to continue to a three-year operational phase after the first year.

Each state's approach to reform will be individual and grounded in a careful analysis of data about the current performance of the state's programs and service delivery systems, reflecting the extraordinary diversity of state delivery systems. At the same time, the call for proposals set several key parameters based on research described earlier in this paper. For example, state projects are generally expected to address three core programs—Medicaid/CHIP, SNAP, and child care

subsidies—chosen for their reach to large numbers of low-income working families, the positive policy climate (particularly for integrating Medicaid and SNAP), and the body of research described earlier that suggests long-term impacts from this package, particularly if families retain more stable and higher-quality child care than they would otherwise have used. State projects are also expected to analyze not only initial entry into program participation but “churn,” again based on the evidence of barriers experienced by families. As states analyze their current systems and seek solutions, the technical assistance offered to them will draw on lessons learned from recent efforts to increase participation, including the Robert Wood Johnson Foundation's MaxEnroll Initiative, aimed at enrolling all eligible children into health insurance.

At the same time, the Work Support Strategies demonstration is also grounded in the understanding that there is a great deal we do not yet know about how to streamline and integrate work support programs, about the strengths and weaknesses of various approaches, about the effect on state workload burdens and administrative costs, and about the effect on families, both short-run and long-run. Therefore, besides improving families' participation and state service delivery, a third goal is to distill lessons about the implementation and results of these initiatives, drawing on a rigorous evaluation of both process and impacts.

In the first-year planning phase, we will conduct an evaluation of the design phase, including documenting states' experience in diagnosing their systems and developing plans to fix them and studying the challenges states faced, how and if they met those challenges, and factors that contributed to success.

Valuable lessons are likely to emerge even in this first phase from the implementation evaluation. For example,

- How did states respond to changes in their environment, such as budget cuts, political shifts, and leadership turnover?
- What aspects of the diagnostic assessment (if any) were most likely to lead states to new insights and new actions? (Or did the assessment not change states' plans from their original expectations?)
- Did the commitment to collaboration across program areas work out, and what techniques did states use to reinforce it or to solve problems as they emerged?
- Were there effects on collaboration that went beyond the initiative?
- How did federal rules and policies affect the assessment?
- Did states come up against unanticipated (or anticipated) federal policy, internal resource, technical or other barriers, and how did they handle those barriers?
- What solutions to the most typical barriers experienced by states were particularly successful?

In the three-year operational phase of the initiative, the evaluation will consist of two parts. An implementation evaluation will examine the extent to which states put their plan into practice and their experience doing so. We will study the challenges and success factors states faced in implementing their plans and how these contributed or inhibited successful implementation. The second part will be an impact evaluation to assess effects from the initiative, including the effect on families' participation in the package of benefit programs (including retention of

benefits as well as initial receipt) and the effect on state administrative activities and costs. To the extent possible, the effect on longer-run family and child outcomes will also be explored. The detailed design of this phase will come during the planning year, since it requires a clearer picture of what states are planning to do and which states will proceed to implementation. We anticipate using a mix of methods, relying on state administrative data, nationally available data, and in-depth site visits. A core goal of the evaluation is to closely integrate outcome findings from the impact evaluation with results of the implementation evaluation.

As a result of this evaluation, the initiative hopes to fill important gaps in research knowledge. We know very little right now about the barriers and solutions to state implementation of ambitious and comprehensive efforts to reform their systems. We also know little about administrative savings or realignments that could result from such reforms. (For example, caseworkers could move from paperwork for all cases to providing services to a subgroup identified as benefiting from personal attention.) Moreover, our knowledge about the effects on families, while promising, is also limited.

The Work Support Strategies Initiative is thus designed to draw on the best current knowledge and experience to support states in designing and implementing strategies that will benefit families and streamline benefit delivery systems. At the same time, it has been designed to include a strong evaluation that can fill important gaps in knowledge, identify lessons learned to feed back into policy and practice discussions in other states and the federal government, and distill learning from the frustrations and difficulties that are

inevitable in a reform effort, as well as from the successes. We anticipate providing a series of technical assistance documents, evaluation reports, and forums or briefings that will share this knowledge as promptly as possible. See <http://www.urban.org/worksupport/> for a regularly updated list of upcoming products and activities.



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